App. F. IX-4

193 .

File No. 157-29

Previous References
GTC.334-28-1

(C.J.)

Serial Nos. 1-7+8

Later References
C.188-32 (3-5)

P-36=E

General and Revenue Secretariat.

Serial Nos. Seven,

Part B for March 31

SUBJECT.

Opening of a Postal bank at Chickmagalur

12

R. A Subject. June Session 1930
Starting Coffee Bank

General and Revenue Secretariat

App. F. III—2]

C.S. File No. 157 775 of 1929

Serial No.

Subj: The question of starting a Coffee Bank has been ordered to lie over "until next year" - Vide Cl opinion fl w.

17/5 VS
Cl. Secy

17.5.30

OHIEF SECRETARY. 17 MAY 1930

Hon Member

1915
Cl
23/5

3 Secy
20/5/30

Subj
The following note with ff appd be sent to the RA Secy:
"The question of starting a Coffee Bank ~~cannot be taken up~~ has had to be deferred."

Cl
21/5 VS
Cl. Secy

Cl
22/5/30

OHIEF SECRETARY. 22 MAY 1930

11282
20/5

6 for issue.

5

Secy
23/5

Cl
23/5

2 Secy
23/5

D. 13013/ dated 23/5/30.
To The Secretary R.A.,

I do a copy of our Secy. Note that the question of starting a Coffee Bank has had to be deferred.

Subj: At the last Birthday session of the RA it was promised that some ~~relief~~ scheme will be devised to afford relief to planters until it becomes possible to start a Coffee Bank. What action has been taken

Note—Contn. Sheet

WD 01684—GPB—30,000—20-4-29

9775

App. F. III—2

General and Revenue Secretariat | G File No. 15*7 of 1929.

Serial No.

is for orders.
Encl
28/6
Ch. Secy

Ca
25/6/30

CHIEF SECRETARY
26 JUNE 1930

8 Please put up an extract from the proceedings

Nem
27/6
Ca
27/6

To the RA Secy for Kinds furnishing the extract required to be put up.
Encl
27/6

KP
27.6.30

OFFICE OF THE SECRETARY
M. L. G. M.
27 JUN 1930
REPRESENTATIVE ASSEMBLY AND LEGISLATIVE COUNCIL.

10 This representation (No. 5) was not taken up. However, the discussions relating to Resn. No 4 on the same subject are put up.
Ch. Reporter)
25-6.

Nem
25/6/1

KP
28/6

11 To the Devt. Br. with compts.

28/6

KP
28/6
Ch. Secy

Ca
28/6/30

CHIEF SECRETARY
30 JUNE 1930

12 Subs for perusal

13 If approved, the question will be put up again for order 2 or 3 months hence.

Nem
1/7.
Ca
1/7

Hd Members

14 KP
1/7/30

Secy B
Encl
1/9/30
2/7

H.E.H. REV. MEMBER
1/7
2 JULY 1930
Note—Contn. Sheet
SECRETARIAT BRANCH

WD 02328—GPB—10,000—22-4-30

Nem
1/7
Ca
1/7

DEWAN'S MINUTE.

FILE No. 192

DEWAN'S OFFICE
26 JUL 1930

15 Coffee Bank

Is anything being done about it.

26-7-30

Secy Rev. Dept

16 Refer

DEWAN'S OFFICE
29 JUL 1930

26 7 30

17 Subd with the connected papers.

(Ed C 333-28-1)

26/7/30.

26.7.30.

Subd 18

The proposals for starting a Coffee Bank were considered in Council on 4-12-29, and were ordered to lie over until next year.

19 On 1-7-30, the Chief Sec[y] noted and the 3[d] Member observed that the question might be put up again 2 or 3 months later.

20 That banking facilities are necessary admits of no doubt; the main questions are:

(1) Shd there be a joint stock bank or a Cooperative one? (The Cooperative Committee recommend the former, and for a Charter is strongly for the latter. The other opinions recorded are about equally divided)

(2) What shd be the nature and extent of the help from Govt?

A point which has been raised for

General and Revenue Secretariat | File No. of 193

Serial No.

consideration is whether the extension of the Land Mortgage Banks' Operations to Coffee Estates might not solve the problem to a material extent. 2

1 The question bristles with difficulties. It may perhaps be taken up by the reconstituted Eco-Confce, where Coffee Planters, and Banking interests are likely to be represented, and where all aspects can be fully discussed.

Dewan) HK
29 7 30
Ce 29/7

OFFICE OF THE FINANCIAL ADVISER
3 1 JULY 1930
No. 759

2 I think in this connection a decision soon. There is grave risk of losing the best season for land purchase & an early decision.

JM
29-7-30

(1st Member) HK
30 7 30
Ce 30/7

3 Mucl
31.7.30

4 HK
31 7 30
Ce 1/8

Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30

Serial No.

Subd. 25. If appd this may perhaps be also submitted to the Chief Secy for perusal.

26. The file will be referred to the Ec. Secy for action on the lines indicated in para 21 of the notes above.

Secy
118

Secy
11/8

Secy
118

CHIEF SECRETARY
1 AUG. 1930

27) Secy
11/8
29/7/30

E.C.)

238
2.8.30

28) The notification regarding the reconstitution of the Boards is under issue. The date of the next meeting of the Eco: Conference has not yet been settled.

Secretary
E. C.
8/8/30

T/8.

29) Secy. The file may be put up after the date for the conference is fixed up.

12/8.
12/8

The date for the meeting of the Economic Conference meeting is fixed to be the 20th & 24th October 1930.

35 Subd with reference to paras 21 to 29 above. The question of starting a coffee Board may be included in Agenda for the next meeting of the E.C.

Secretary
E.C.
1879

16/9

Note–Contn. Sheet

General and Revenue Secretariat | File No. 577 of 193 | App. F. III—2]

Serial No. 36

The question may in the first instance be referred to the Board of Ind. & Com. for a considered opinion.

Bn 19/9

This memo 37 A 23/9/30 Ce 27/9

✓ first memo.

38) C&S 1/10 Bn 2/10 Ce 2/10

39) To see Wkg Party

Ed 2/10 KP 2/10

No draft is subd.

Bn 4/10/30

4/10. (Not issued as ordered)

42 Extract from the proceedings of the meeting of the Economic Conference held on the 23rd & 24th October 1930 is put up for being sent to the C.S. Section for further action.

4/1

29/11

OFFICE OF THE THIRD MEMBER OF COUNCIL 21 SEP. 1930 No. 704

OFFICE OF THE FIRST MEMBER OF COUNCIL 28 SEPT. 1930 No. 3402

Bn Bn 28/9

9 NOV. 1930 DEVELOPMENT BRANCH.

Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30

Extract from the proceedings of the Meeting of the Economic Conference held on the 23rd & 24th Oct 1930.

Resolution No. 5.

(Speaking in Kannada) —

MR. RAGAVANE DEVA GOWDA: Sir, I beg to move the following resolution:—

"That this Conference is of opinion that the starting of a Coffee Bank at Chikmagalur be expedited."

Sir, in respect of this matter, there was some discussion yesterday. The Government seem to be under the impression that if they start the Bank, they stand to lose much of their money. There is absolutely no such fear. Many of the Marwaris, West Coast Firms and even the Mysore Bank have been lending money to these planters and except in three or four cases, they have been able to recover their loans without any difficulty whatsoever. Even though the price of coffee fell down last year, none of these banking institutions suffered any loss. It is a matter for regret that though there was an attempt to start the Coffee Bank at Chikmaglur sometime past, yet nothing has been done in the matter.

So far as Malnad is concerned, the most important crops are Coffee, areca and cardomoms The Coffee industry is in a very bad condition and unless Government come to its rescue, the industry stands to suffer much more. With a view to help the industry, I request that a Coffee Bank be started at Chikmaglur.

There are certain advantages by starting the Coffee Bank. The planters will be the Directors of the [illegible] Bank and they will be in a position to decide who deserves help and who does not. This facility cannot be had if other banks do this business.

(8 2

This resolution has some reference to Resolution No. 3. The Government are now borrowing nearly 4 crores of rupees. Out of this money a few lakhs might be set apart for helping the planters through the Coffee Bank. If for any reason, the starting of the Coffee Bank be delayed, it is my humble request that the Mysore Bank be given about 8 to 10 lakhs of rupees for being lent to the Coffee Planters. The planters are in a very critical position and they deserve some help at the hands of the Government especially at this juncture when the price of coffee has fallen down very much owing to the reduction of the price of Brazil Coffee.

DEWAN PRESIDENT: Is not the Mysore Bank advancing money now?

MR. BAGAMANE DEVA GOWDA: They do, but on a very limited scale. Last year, they lent to the extent of 13 to 14 lakhs of rupees.

Rajakaryapravina P.G. D'SOUZA: You want money for small planters. There are two kinds of planters, big and small. Will your bank satisfy the requirements of all the coffee planters? To meet all these requirements, it may require at least one crore of rupees.

MR. BAGAMANE DEVA GOWDA: It is a fact that even big planters have not got sufficient money. They too require finance.

Rajakaryapravina P.G. D'SOUZA: Money can be advanced on the security of crops. Guarantee must be given.

MR. BAGAMANE DEVA GOWDA: But what I request is that loans may be given to the planters on personal security.

Rajakaryapravina P.G. D'Souza: No. It cannot be done

be done.

MR. BAGAMANE DEVA GOWDA: Till the Coffee Bank is started, at least you can give aid to the Mysore Bank and through them you can afford to help the small coffee planters. The Mysore Bank have not got enough money to lend to all the planters. Some funds may therefore be placed at their disposal and an Assistant might be given to them to look after the needs of small planters This thing has been brought to the notice of Government and their orders are awaited.

Rajakaryapravina P.G. D'SOUZA: There are many difficulties in the way. Some are of the opinion that help might be given to the planters through co-operative societies.

MR. BAGAMANE DEVA GOWDA: That was the proposal three years ago.

Rajakaryapravina P.G. D'SOUZA: Now there is the Land Mortgage Bank and it might help them.

MR. BAGAMANE DEVA GOWDA: The land mortgage banks will not help these planters. My request is that 10 or 15 lakhs may be placed at the disposal of the Mysore Bank for helping the planters. The West Coast Banks are not lending monies now.

DEWAN PRESIDENT: We shall write to the Bank and find out what help they require of Government to accommodate the planters and in what other ways they require the assistance of Government to enable them to extend their accommodation to the planters.

MR. BAGAMANE DEVA GOWDA: That Government need not fear that their money would be lost even in case the price of coffee goes down.

MR. S. VENKATESIAH: The Mysore Bank have practically withdrawn their help to both big and small planters. Unless they have got the personal knowledge of the person, they will not give loans.

Dewan President What is necessary. I suppose

MR. S. VENKATESIAH: It is perfectly legitimate. But it is hopeless to expect that the Mysore Bank will come to their help.

DEWAN PRESIDENT: They must improve their agency to get into touch with the bank authorities.

MR. S. VENKATESIAH: There is an estate of 200 acres which requires advance. Apart from their old customers, there is no trade with new customers. Conditions of the market are such that they could not afford to get any advance. What is required in this connection is an estimate of the standing crop to be prepared sometime after the monsoon and then again verify it twice before the crop is harvested. An estimate of these things is required. If the Bank has to accept the valuation of the Government agency, the small planters will get no relief. Unless there is an independent agency for this purpose, nothing can be done.

So far as the coffee trade is concerned, it is aggravated by special conditions. This is due to conditions in Brazil and the loan they have raised in the London market. It is not likely to disappear in the course of a year or two. Nor is it likely to improve with the general improvement of trade conditions.

Again it was suggested that the co-operative organisation and the land mortgage banks might help this industry. These have nothing to do with this industry. They are concerned with the redemption of debt. The

proposition as it stands relates to working expenses.

Rajakaryapravina P.G. D'SOUZA: Co-operative organisations are also intended to finance the industry.

MR. S. VENKATESIAH: But not for financing the current expenditure.

Rajakaryapravina P.G. D'SOUZA: These institutions are likely to be more suitable than banks.

MR. S. VENKATESIAH: But would you be prepared to finance them?

Rajamantrapravina K. MATTHAN: If they come forward with specific proposals, Government might consider it.

MR. S. VENKATESIAH: There is very little doubt about the utility of these co-operative organisations particularly with the cardomom industry. But, if similar sympathy is assured to coffee planters an association can be formed provided always there is no idea of debt redemption. The risk would be very little in financing on current crops. It is almost negligible.

Rajakaryapravina P.G. D'SOUZA: This is the reason why co-operative societies have been suggested.

MR. S. VENKATESIAH: If finance is forthcoming there is no difficulty in forming an association.

DEWAN PRESIDENT: We shall discuss that with the authorities of the Apex Bank. As for the present help, we shall communicate with the authorities of the Mysore Bank and find out how far they can extend their scope of accomodation.

MR. BAGALANE DEVA GOWDA: (Speaking in Kannada) As suggested by me, a sum of Rs. 10 to 12 lakhs should be placed at the disposal of the Mysore Bank and it should be given an Assistant whose business it will be to look to the needs of the planters. Money should be given on personal security. Government need have no fear that their money would be lost. If these methods are adopted, I am sure the coffee planters will get real relief. Coffee is one of the most important industries of the Malnad. It takes about 10 to 15 years for these estates to yield good crop. That is not the case with other crops. For instance, in the Maidan parts if one crop fails, the ryot will have recourse to another crop. Such a course is denied to the Coffee planter. Hence it is not right to compare it with other crops. For these reasons, I once again request that this industry should be helped by the formation of the Coffee Bank or through the Mysore Bank, Government placing some 10 or 12 lakhs of rupees at its disposal for the purpose.

Mr. Ramachandra Rao Scindia: Is it possible to consider the request of opening a Coffee Bank? Tomorrow, somebody would plead for the opening of an Onion Bank.

DEWAN PRESIDENT: There is need for many more banks than we have.

M/. VASUDEVA RAO: I am asked to second this proposition. Mr. Deva Gowda has explained very clearly that a bank is necessary for financing the coffee industry. No co-operative society nor any other institution will be of any help to the planters. If a bank is established, it ought to be run like the banks ~~are~~ managed by west coast firms. They first come and investigate what crop to a planter is likely to get during the next year and that will be at the planter's risk. They pay very nearly Rs. 100 for the person who is an experienced planter and estimates the crop, ~~and~~ money is advanced by the firm month by month according to the price fixed by the firm, ~~and also~~ for taxes and for manures etc. This is how ~~[illegible]~~ Messrs. Binny and Co., transact business with the planters. The ~~[illegible]~~ firm sits at our doors till every maund of coffee is sold to them, because it is required to be mixed with other kinds of coffee. There is no difficulty for selling the coffee, but the planter feels the low price. From Rs. 28 to 20 per maund, it has come down to 9 and 11. Unless there is a separate bank which would investigate and then advance money to the coffee planters as west coast firms do, there is no use of any separate agency coming in. Supposing the Mysore Bank advances money. ~~It~~ It must do the same thing which the West Coast firms do. The West Coast firms were advancing on collateral security also. If an estate is mortgaged, the mortgagee would

get

give a letter of authority to borrow money to the man who mortgaged the estate. These were the conditions under which money was being advanced. We also will have to do like that if a separate bank is established. For the Government, it might look very complicated, but if any help is to be given to the small planters, this is the only course. It is very difficult for them especially in this slump season as nobody is advancing them money. In fact, in the coffee area, the merchants have no money whatever. Banks are not advancing them; nor the firms. The firms will not give any money to planters who are not able to produce at least 8 tons.

Rajamantrapravina C.S. BALASUNDARAM IYER: Why do not these small planters form co-operative organisations, pool all their products and deal with them as a unit?

MR. VASUDEVA RAO: Even West Coast firms are refusing to advance money because they find some difficulty. Even at 98 percent, planters were borrowing and doing business. Especially this year, even that is not possible.

Rajamantrapravina C.S. BALASUNDARAM IYER: What is the reason?

MR. VASUDEVA RAO: The Bombay merchants are taking back all their money from us. Bundis are not honoured. It is difficult to get even Rs. 10 for any rate of interest. This is due to the tightness of the market. Otherwise, we would have got on some how.

Rajamantrapravina C.S. BALASUNDARAM IYER: So this is not entirely due to the fall in the price of coffee?

MR. VASUDEVA RAO: That is also one of the reasons, but that is not the chief reason. The market has fallen and how low it would go, we cannot say. There is fear of the market still falling. If the Coffee Bank had been started some time back, we would have by now nearly 2½ lakhs of rupees, but now most of the planters who promised large contributions have been going back and may not contribute even Rs. 1,000.

Rajamantrapravina C.S. BALASUNDARAM IYER: So the finances must come from the Government?

MR. VASUDEVA RAO: I do not say so. Those that have got money will come forward if the Government themselves establish the bank. and

MR. DEVAPPA GOWDA: I second Mr. Deva Gowda's resolution. He suggested that the Mysore Bank should be given some money for helping small planters. If the planters go to the Mysore Bank they ask for many conditions. If loans are granted on the ~~standing~~ crop, it would be a great help to the planters. I request that a special assistant be given to the Bank for this purpose. Some arrangements might be made for the establishment of a coffee bank also.

MR. BAGAMANE DEVA GOWDA: The Co-operative Societies also may be given some funds for helping small planters.

DEWAN
~~MX.—PRESIDENT~~: We shall discuss these things with the authorities of the Apex Bank. It is better we do that. We shall start correspondence with both the banks at once.

17

MR. K.P. RAMAYYA: At a meeting of the Coffee Planters held at Chikmagalur where the Director of Industries and Commerce, myself and Mr. O'Brien were present, a rich coffee planter, Mr. Chandre Gowda, I remember, said that though the rich planters could get loans both from the West Coast Firms and also from the Mysore Bank, the lower middle class planters had no way of getting any loans from either of these institutions. So Mr. Chandregowda and others said that they wanted to help these poor planters, and rather than going to these Banks and be sureties for the loan Mr. Chandregowda said that he would give 25,000Rs. and see that a bank was started for the poor. That was the point that was emphasised. Mr. O'Brien said that he had given enough loans. But the planters said that the poor planters were not at all helped. When any help has to be given to them the question of sureties comes up. In spite of the Mysore Bank, there is need for another bank to come to the rescue of the poor planters.

Rajamantrapravina C.S. BALASUNDARAM IYER: Can you fix the maximum limit of advance to such people? say, Rs 3000 a year or something like that?

MR. VASUDEVA RAO: That depends upon the crop. If it is for the working expenses, the crop will have to be estimated and the amount fixed. Perhaps, Rs. 3,500/- may be fixed as the limit.

Mr. S. VENKATESIAH: It may be possible to fix the limit at 3,000 to 4,000Rs.

Rajamantrapravina C.S. BALASUNDARAM IYER: the Banks prescribe such a limit, it would be possible that the founds would not be looked up.

MR. S. VENKATESIAH: But the real difficulty is organisation over a wide area. Take for instance the Cardomom Societies. They extend over the whole taluks of Mudgere and Manjarabad. The organisation of debt, watching of collectia delivery of produce etc., are difficult. We may call it co-operative organisation. But practically it amounts to a joint stock bank with the facilities of Co-operative Societies Regulation. But if the organisation is forthcoming, it would be quite as good as any other, provided always we do not deal with debt redemption.

Mr. C. VASUDEVA RAO: There should not be the element of personal security. The Manager of the Mysore Bank will not accept any man as security. He wants one whom he likes. That is the greatest difficulty in getting any loan from the Mysore Bank. So personal security question ought not to come in.

MR. BAGAMANE DEVA GOWDA: From your answers I understand that arrangements will be made to help the coffee industry through the co-operative societies and the Mysore Bank, by placing at their disposal as much money as is possible. On that assurance, I

withdraw the resolution.

MR. PRESIDENT: We will consult the Banks and see what all is possible. I cannot say that it will be done. With the best of desire to help the industry we shall communicate with the banks.

The resolution was withdrawn.

NOTE ON COFFEE BANK.

43

A Committeewas appointed in G.O. NO. 10356-48 dated 26th May,27, for formulating proposals about the financing of Coffee Crops.

44 They recommended that a Joint Stock Bank may be started with a Capital of Ten Lakhs of Rupees so that it may help small Coffee Planters in regard to financing their working expenses. The Industries & Commerce Board considered this proposal and supported it.

45 The Financial Secretary considered that the question required further detailed investigation before it could be taken up more seriously as it involved issue of loans to smaller Indian Planters who prima-facie have not sufficient credit except their "Standing Crops" for getting necessary accomodation at reasonable rates of interest.

46) It was then suggested by the then 1st Member of Council that a Cooperative Organisation and not a Joint Stock Concern may be tried. This idea was supported by Mr, A. Chatterton.

47) Mr. O'Brian of the Mysore Bank suggested that a Cooperative Bank having attached to it a Cooperative Buying and Selling Agency is likely to meet the situation.

48) A more recent suggestion is that as an experiment the benefits of the Land Mortgage Scheme may be extended to one of the Coffee growing Taluks and its working watched for a year.

49) The matter was at this stage referred to the Economic Conference who discussed the subject

□ The question of granting loans to coffee planters on personal security was brought up ~~but~~ and was considered impracticable.

50) The Diwan has promised that both the Mysore Bank & the Apex Bank would be ~~address~~ Consulted as to what facilities they need if they are required to afford relief to Coffee planters

57) Draft Sub'd

Todd 11/12

Serial No. 52)

DEWAN'S OFFICE 6. JAN. 1931 3665

4322 4/1/31

OFFICE OF THE THIRD MEMBER OF COUNCIL 2. JAN. 1931 No. 3147

Govt. promised (1) that the Mysore Banks would be consulted as regards the present needs of the planters (vide P. 32 of the C.C. proceedings) & (2) the Apex Bank in the matter of forming a Co-op. Society for future needs. (P. 35).

53) As regards (1) the draft of the Sec. for the purpose may be approved.

As regards (2) the Regr. of C.S. may perhaps be consulted.

H. Secy

Ce 31/12

54) 26.12.30

Chief Secy)

& Dewan Member ✓

Second Member

Dewan

CHIEF SECRETARY 26 DEC. 1930

nil 2/1/31 Ce 2/1

55) The action proposed may be taken immediately. If the meeting could take place last Oct. this should have been attended to earlier

&

3/1/31

OFFICE OF THE SECOND MEMBER OF COUNCIL 5 JAN. 1931 No. 5897

56) Secy 5/1/31

nil 3/1 Ce 3/1

57) Secy 6/1/31

nil 6/1 Ce 6/1

58) Secy nil 7/1 Ce 7/1

NOTE—Contn. Sheet.

WD 02553—GPB—50,000—8-7-30

2A

G File No. 157 of 1929

General and Revenue Secretariat

No 7062 89.1.31 to the Dir'd &c 3
Enquires what measures may be taken
to accommodate Coffee planters especially
smaller ones & calls for Opinion on
Consultation with the Mysore Bank -
Subd 591 It is now for orders whether
Rev^r Cs may be Consulted & to as
to what George the Apex Bank
would suggest in the matter & what
his recommendations are in the
matter. So may be done

Ch. Sec
Ch. Sec 12/1
591 12/1

61 Yes
new 12/1

Forwarded with compliments to the Registrar of Co-operative Societies in Mysore for favour of opinion

By Order
Chandrasekhara
for Chief Secretary

12/1/31.

CHIEF SECRETARY
12 JAN. 1931

Hono 577 d/31/31

General and Revenue Secretariat | File No. of 193

Serial No.

No 4216 dt 2/2/31

2/2/31

2 ... 193.

3/2/31

63 In order to provide facilities to grant loans to the small Coffee Planters in the Malnad for - meeting their working expenses on the security of the Coffee crop, it was urged at the recent session of the Economic Conference that a Coffee Bank might be started. In answer to the discussions on the -- subject, the Dewan President promised to consult the authorities of the Mysore Bank and the Co-operative Apex Bank as to how far these institutions will be prepared to proved facilities to meet the requirements of the small planters.

64/ As regards the obtaining of financial help from the Apex Bank, it may be stated that according to its byelaws, the Apex Bank can lend funds only to primary Co-operative Societies and not to individuals direct. Consequently, there is no question of the Apex Bank coming directly to the help of the small planters.

65/ The proposal of the Coffee Bank has been urged mainly on behalf of the small planters who own up to 10 acres of Coffee land. There are several Credit Co-operative Societies already functioning in several places in the Malnad Taluks. These societies -- generally lend funds to their members on personal security either sole or joint or on mortgage security. When they cannot finance the requirements of the - members from their own funds, they can obtain loans from the Apex Bank on the security of their own resources and the securities furnished by the members and meet the requirements of the members. The Apex

NOTE—Contn. Sheet.

WD 02553—GPB—50,000—8-7-30

P.T.O.

Apex Bank has always been liberal in financing primary societies on the recommendations of this office, and it may be presumed that it will show the same liberality in future also.

66) The most convenient course at present is therefore for the small planters to join the Co-operative Societies which are already existing or may be formed and then obtain through them the funds required for their working expenses. If in any particular places no co-operative institutions exist at present, action can be taken to start them on the representation of the planters.

67) In the circumstances, there seems to be no need for consulting the Apex Bank in the matter at this stage.

Ellanayaka Esq

Registrar in charge.

Serial No.	
68	Subd Reply to this office No 7062 of 9.1.31 from the Dir. I.te ~~Cotton~~ is due. A reminder is put up for orders. DS 3/2/31. Secretary 6/2
	No 8728 Cs & 31/2/31 Dy. Dr. I.C. Requests a reply to this office No 7062/Cs 157-29-3 & 9.1.31. Resubmitted for kind perusal of reply from Rey Cs to the UO reference to him vide para 6 above. Reply from dir etc may be awaited 4/2/31 Ch. Dey 7/2
	7/2
6	Letter No C1-1703-27/28 & 17.2.31 from the Director I.te Reports that the Manager of the Mysore Bank favours formation of Cooperative Societies for relieving financial distress among small coffee planters, that he differs from this view & that this aspect of the Case it was that weighed with the Committee in recommending a Joint Stock Coffee Bank Subd Meeting & this View of the Director ~~be accepted~~ in regard to the formation of Cs. be accepted in view of & the proposals made by the Rey Cs. in para 66 above is for order. 20/2

NOTE—Contn. Sheet.

WD 6563—GPB—50,000—8 7 30

96

CS File No. 157 of 1929

General and Revenue Secretariat

The next of the Regs. of C.S., which is in accordance with the decision of the Privy Council, may be expunged

Ch. Leg 2/3 ca

Leeds Member 6/3 nuu

First Member ✓ 6/3 ca

DEW 1931

CHIEF SECRETARY 2 MAR. 1931

OFFICE OF THE SECOND MEMBER OF COUNCIL 6 MAR. 1931 No. 8127

OFFICE OF THE FIRST MEMBER OF COUNCIL 9 MAR. 1931 No. 282

Thank do. the question of starting a Co-operative under the initiative of Govt has I fear little over for some time

Ly 7/3/31

nuu 7/3 ca 7/3

MMC 9/3/31

Dewan

nuu 9/3 ca 9/3

MM 10-3-31

nuu 11/3 ca 11/3

Subd with a draft Ltr for orders

Ly KG 13/3 Ch. Leg

For perusal before issue ca 17/3

nuu 19/3 Issue ca 19/3

(30)

App. F. III—2]

General and Revenue Secretariat | C.S. File No. 157 of 1929.

Serial No. 7

To the Secy. Econ. Confce, The Regr of C.S. and the Dir of I & C.

No D905 1-3-29 24-3-31

States that as conditions are not favourable for starting a Coffee Bank at present, the best course is for small Coffee planters to join Co-op. Societies already existing or for such institutions recently opened and registered for their benefit.

A copy of the above letter is marked for the R.A. & Lc Secy.

To the R.A. & Lc Secy for kindly taking the copy intended for that Branch.

24/3

R.A. & Lc with Compts

KP

24/3

Copy taken & file returned.

JBS 24.3.31

GEN. & REVENUE BRANCH

NOTE—Contn Sheet.

General and Revenue Secretariat

File No. 157 of 1929.

Serial No.	
8	No C1-1703/27-28 & 17.6.31 from the Director Ind. forwards copy of a letter from the Hy. Co reporting that instructions have been issued to Asstt Ly. Co to advise in their tours the Smaller Coffee planters to become members of existing C.S. & also to investigate the possibilities of forming Societies exclusively for the benefit of the planters at select Centres.
	Subd. This is in reply to this office No. D 9051-38 24.3.31 - No further action seems necessary.
	Seen 19/6 Secy 19 Ce 21/6
	25/6/31 Ce 25/6

Secy

GEN. & REVENUE SECRETARIAT.
20 JUNE 1931
DEVELOPMENT BRANCH.

NOTE—Contn Sheet.

WD 02563—G P B—50,000—8 7 30

-5

The Mysore Economic Conference.

REPORT OF THE COMMITTEE APPOINTED TO FORMULATE PROPOSALS FOR FINANCING OF COFFEE CROPS.

This Committee was appointed in Government Order No. D. 10336-48—E. C. 61-26-1, dated the 26th May 1927, to formulate proposals for the financing of Coffee Crops in the Malnad.

Our Convenor, the Director of Industries and Commerce, met a representative gathering of Coffee Planters at Chikmagalur in September 1927 and ascertained from them the present methods in force for the financing of the Coffee Crops and the facilities required by them.

The Manager of the Bank of Mysore, who is on our Committee very obligingly supplied the Committee with information of the financial assistance provided by the Bank of Coffee Planters along with his suggestions as to the manner in which such help may be given to the smaller Coffee Planters.

The Committee held two meetings at Bangalore at neither of which the members who were Coffee Planters were able to be present owing to work on their estates. It was decided at the meeting held on the 3rd March 1928 that with a view to enable such members to attend, the Committee should hold a meeting at Chikmagalur. It was also decided that advantage of the presence of the Committee Members at Chikmagalur, should be taken to hold a general meeting of representative Coffee Planters at the time so that the members of the Committee may ascertain by personal inquiry the prevailing conditions relating to the finance of the Coffee Crops before formulating their proposals.

The Deputy Commissioner, Kadur was requested to invite representative Coffee Planters of the District to meet the Committee at Chikmagalur on the 24th March 1928 and the permission of Government was obtained to hold the meeting at the place.

The Committee are glad to be able to record that the meeting kindly convened by the Deputy Commissioner on the date notified included a large number of Coffee Planters—Indian and European of all grades and the information elicited at the meeting enabled them to obtain knowledge of the present methods of financing Coffee, the difficulties of the poorer planters, and the need for an organisation to provide current finance to them. During the discussions the report of the Co-operative Committee on the necessity of establishing a separate organisation assisted by Government for providing current finance to Coffee Planters was brought to the notice of the members by the Registrar of Co-operative Societies.

The course of discussions at the meeting established, in the opinion of the members, that an organisation on the lines recommended in this report is an urgent need. They are not aware if any orders of Government have been passed on this part of the report. They are of opinion that the reasons for establishing a separate Coffee Bank financed by Government on Joint Stock lines are excellently summarised in the report and that such a Bank is as great a necessity at present as it was at the time the report of the Co-operative Committee was submitted. In fact, the need for such a Bank is felt so keenly by the larger planters that the leading planters of the District have not only voted unanimously for the establishment of such an institution but are prepared to come forward with large subscriptions to ensure the early starting of the Bank. Messrs Javali Ganesa Rao, Chendregowda, Mallegowda, Kalasegowda, and Nagappa Setty who are the leading Coffee Planters in their respective communities have each offered to subscribe Rs. 25,000, worth of shares if a Bank should be established on the lines recommended by the Co-operative Committee. The Committee are sanguine that the requisite subscription of one half share capital, *viz.*, 2½ lakhs will be subscribed if Government should announce to take up the other half. The Committee strongly recommend that this announcement should be made early and that

all reasonable facilities should be given to establish a Coffee Bank which in their opinion will help in a large measure to improve the economic condition of this part of the Malnad.

(Sd.) C. Ranganatha Rao Sahib (Convenor).
„ R. Ranga Rao.
„ K. H. Ramayya.
„ A. Chandregowda.
„ T. B. Mallegowda.
„ J. Ganesa Rao.
„ S. Venkatesaiya.

Supplementary note also is submitted.

(Sd.) S. Venkatesaiya (5th June 1928).
„ Leslie Coleman (7th do).
„ G. B. Heblikar (8th do).

Supplementary Note submitted by Mr. S. Venkatesaiya, Hassan.

I have signed the report concurring therein. I am clear that a separate Joint Stock Bank solely to finance Coffee estates is a necessity. It cannot thrive and attract capital without adequate Government support alike by way of taking up a substantial number of shares and also placing a deposit. The Directorate will have to be carefully provided for. It must be possible for it to circulate occasionally and there should also be provision for the nomination for some time at least or when necessary of Government Directors. To ensure the healthy working of the Bank it should be made possible for small Planters to hold a number of shares.

Frequently it happens that the working expenses exceed the value of the year's crops. Indeed expert valuations are quite commonly based in different areas on the yield of five year or even seven year cycles. Therefore if the Bank is to be as useful as it ought to be provision will have to be made for advances not merely on crops but also on the collateral security of the properties themselves. This is a consideration that should be borne in mind even in the matter of advances for working expenses.

I think advances for working expenses should be the first aim of the Bank and after watching its work for some years then alone should its operations be extended with the approval of Government to advances for the redemption of debts. This reservation should apply to all loans except advances for working expenses unless they are fully covered by the estimates of standing or expected crop. Advances will, sometimes, have to be made before the crop can be estimated or properly described as 'Standing Crops.' In such cases advances may be made without much danger by advancing only a small necessary portion of the loan before the crop can be estimated. It is necessary to mention this though in practice it creates no serious difficulty as working expenses are normally advanced in several instalments according to the needs of the work on the estate.

I think I am only elaborating some points not referred to in the Report and consider the above consistent with the recommendations.

Copy of D. O. letter dated 26th May 1928, from Mr. P. W. O'Brien, Manager, Bank of Mysore, Ltd., Bangalore, to the Secretary of the Committee.

DEAR MR. ANANTHASUBRAMANYAM,

I regret I cannot sign the report. I understood that the original idea for initiating the inquiry was to discover a means of helping the small planter. I inquired several times during the holding of the meeting at Chickmagalur, how the proposed Bank would help the small planter. No reply was forthcoming. I fail to see how a Joint Stock Bank can give any more assistance to the Coffee Planters than we are giving.

Extract from the Proceedings of the twenty-first Meeting of the Board of Industries and Commerce, held on 6th August 1929:

II. Report of the Committee appointed to formulate proposals for the financing of Coffee Crops: The Director of Industries and Commerce in explaining the case stated as follows:—Some years ago, the Coffee Planters in the Kadur District held a meeting at which they discussed the question of providing finance for the proper cultivation of Coffee estates and decided that a separate Bank should be established for the purpose with the assistance of Government. This question was taken up at a meeting of the Standing Committee of the Economic Conference and a Sub-Committee was appointed to go into it. The Committee which consisted of Government Officers and some of the chief Coffee Planters examined the matter and came to the conclusion that the establishment of a seperate Bank for financing Coffee Planters with small holdings was necessary. The large Coffee Planters had no difficulty in getting finance. The Planters with small estates experience considerable difficulty in obtaining funds required for cultivating their holdings to the best advantage. They are now paying high rates of interest and this is a great handicap on their operations. They cannot, with the high cost of capital, afford to properly manure their estates or to arrange for other requirements of cultivation and the result is that these small estates yield in many cases only about a fifth of what other coffee lands, which receive better care and attention on account of the finance they command yield. It is unfortunate that about 75 per cent of the area under Coffee cannot, for want of finance, be so cultivated as to yield the best crop they can. This question was considered by the Co-operative Committee some years back and they have also suggested the establishment of a Joint Stock Bank solely for financing Coffee crops. Some of the Coffee Planters owning large estates have promised to subscribe Rs. 25,000 each for the share capital of the proposed Bank and it is desirable that Government also should take up shares and render active assistance in establishing the Bank. In Brazil, which produces a large quantity of Coffee, Government afford this industry a great deal of help not only in financing the annual crops but also in exporting the produce to the best markets and in carrying on propaganda and investigations. Coffee is a very important crop of the Kadur and Hassan Districts and it is but right that Government should render all possible help to those who are engaged in growing it.

Mr. B. K. Garudachar stated that he considered that Government help was essential to small Coffee Planters and referred to the very prosperous condition of the sugar industry in Java due to the assistance afforded to it in the earlier stages by the Government there. He added that Government aid should be given under proper control so that it might fulfil its object.

Mr. K. R. Srinivasa Iyengar stated that the Mysore Bank would lend money to Coffee Planters but would require collateral security as the security of the crop alone is not considered sufficient. The object of the scheme is apparently to advance money on the security of the crops alone and in that case the transaction is of a different kind requiring a separate organization for handing it.

The Director of Industries and Commerce invited attention to pages 7 to 10 of the report of the Committee and pointed out that the intention of the framers of the scheme was to establish a separate Bank for financing small Coffee Planters. The Primary Security would be the crop but the land on which the crop stands would also be taken as collateral security.

The Registrar of Co-operative Societies stated that the question had been considered by the Co-operative Committee and their recommendation was to establish a separate Joint Stock Bank for financing the annual cultivation operations in the first instance. The assistance which the Mysore Bank could render was not adequate and it was necessary to have a separate Bank for handling this business.

Mr. D. S. Mallappa suggested that the Land Mortgage Bank to be started before long might be utilised for the financing of the Coffee industry as well.

Mr. Syed Ismail was of opinion that it would be decidedly advantageous to have a seperate Bank for Coffee. Such a Bank could have a sales department to dispose of the Coffee of its constituents to the best advantage. It could also arrange to stock manure to distribution among its planter clients.

The Secretary to Government, Development Department, observed that the financing of the crop could not be dissociated from the financing of the improvement of the land. Mr. S. Venkatesaiya one of the members of the Committee has pointed out that working expenses sometimes exceed the value of the year's crop. The Land Mortgage Bank scheme provided not only for long term loans but also for short period loans and all the requirements of Coffee estates could be met by the Land Mortgage Bank. He, therefore, thought that the proper solution of the problem would be to extend the Land Mortgage Bank Scheme to provide for the needs of Coffee estates. He was also of opinion that Co-operative Societies could be started to help Coffee Planters and that they would better serve the purpose than a Joint Stock Bank.

Mr. K. R. Srinivasa Iyengar stated that it would be a decided advantage to planters to borrow money on the security of the crops alone, though the arrangement involved some risk to the lender and that the security of the land might be dispensed with to help planters.

Mr. D. S. Mallappa stated that the overhead charges of a Joint Stock Bank would be high and that it would be well to have Co-operative Societies to reduce such charges.

The Director of Industries and Commerce pointed out that the amount required for cultivation of Coffee was comparatively large and that a co-operative organisation would not be able to provide it. There were, besides, restrictions in regard to the holding of shares in the case of a Co-operative Bank. The Registrar of Co-operative Societies agreed in this view.

Only two members were in favour of a co-operative organisation.

The question was then considered whether the scheme might not be tried in the first instance in one taluk where the need was most felt.

The Director of Industries and Commerce stated that the need was equally urgent in all the Coffee areas of the Hassan and Kadur Districts and that it would be well to allow the full scheme to be brought into force.

Messrs K. R. Srinivasa Iyengar and K. S. Aiyar stated that the Bank was chiefly intended for the benefit of small planters and care should, therefore, be taken to see that this object was always kept in view.

Resolved that the proposal of the Committee for the starting of a Joint Stock Bank for financing the annual cultivation operations of small Coffee Planters be approved, that the Government be requested to subscribe a sum equal to the paid up capital but not exceeding Rs. 2½ lakhs, that at least 50 per cent of the loan to be advanced by the Bank should be to small Coffee Planters, and that the maximum amount to be given in any case should not exceed Rs. 5,000.

It was also resolved that half the establishment charges of the Bank might be borne by the Government for a period of three years.

Mr. Nilgiri G. Sanjeeviah made a suggestion that small tea planters might also be assisted by the proposed Bank and this was agreed to.

WD—892—GPB—200—17-9-29.

C.S.157-29-1

SECRETARIAT
4 MAY 1929
BRANCH

FORM I.

Memorandum of Subjects proposed for discussion in the Budget Session of the Representative Assembly of the Kadur District.

For the Budget. Session of June 1930 1929.

No. 5

Subject

Regarding the establish-ment of a Coffee Bank at Chikmagalur.

Summary of Representation.

It is prayed that Government may be pleased to pass early orders in the matter of starting a Coffee Bank at Chikmagalur in respect of which some action has already been taken and suggestions sent up to Government for orders thereon.

Name of Member proposing.

Messrs:-

1. M.Abdul Aziz, Chikmagalur ~~taluk~~ Urban.
2. Bagamane Devagowda, --do-- Taluk
3. Ramappagowda, --do--
4. B.P.Basappa Setty, Yelakodige, Chikmagalur taluk
5. M.Hutchegowda, Mudigere taluk.
6. D.V. Halappa. Birur, Kadur Taluk
7. Manjegowda, Hande Patel, Mudigere Tq.
8. C.Subbanna Naik, Koppa taluk.

Previous references relating to the subjects.

This has been dealt with by means of a resolution during the last Budget Session of Representative Assembly Proceedings. (vide. PP. 123)

Remarks by the Deputy Commissioner.

WD 0434—GPB—2,000—5-9-29

9) Diary No.9775.

Birthday Session - June 1930.

Kadur District.

No.5.

Subject.

Regarding the establishment of a Coffee Bank at Chikmagalur

Members.

Messrs. M. Abdul Aziz, Chikmagalur and others.

Summary.

It is prayed that Government may be pleased to pass early orders in the matter of starting a Coffee Bank at Chikmagalur in respect of which some action has already been taken ~~thereon~~ and suggestions sent up to Government for orders thereon.

Secretariat Note.

The question of starting a Coffee Bank has had to be deferred.

Memo No.D. 13073 / C.S.157-29-2 Dated, Bangalore, 27 - May 1930.

Copy of the above is forwarded with compliments to the Secretary, Representative Assembly.

By Order,

23/5-

For Chief Secretary to Government.

ACH.4. 23/5.

Appendix F G—1

3

SUBJECT.....

.....

.....

Section C.S.

File No. 157-29.

Serial No. 3

No. 7062

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *193*

To The Director of ~~A~~ I & C

Date of issue 9/1/31

Signed by T. Ross

Sir,

Adverting to this office letter No 8680/AE 334.28.C) 31/1/30 regarding the opening of a Co-op Bank I am directed to state that the matter was discussed at the recent session of the E.C. and it was ~~decided~~ promised that the authorities of the Indian Central Banks would be consulted as to whether

List of enclosures.....

Copied by.....

Examined by.....

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u

They could undertake to finance Coffee Planters & if so with what Institutions & under what Conditions — I am therefore directed to request you to put yourself in communication with them and transmit their views on the subject with your remarks thereon.

What measures might be adopted to accomodate the Coffee planters especially the smaller ones, with loans.

I have &c

Ce
3/12

For H Lee

C.S. 157-29-6
6301

TELEGRAPHIC ADDRESS:—"INDUSCOM"

GOVERNMENT OF MYSORE.

DEPARTMENT OF INDUSTRIES AND COMMERCE.

In reply please refer to
No. C1-1703/27-28
Encl.

OFFICE OF THE DIRECTOR,

Dated, Bangalore, 17th February *193* 1.

FROM

C. RANGANATHA RAO SAHIB, Esq., B.A., B.L.,
Director of Industries and Commerce in Mysore,
(Bangalore, India.)

To

N. Madhava Rao, Esq., B.A., B.L.,
Chief Secretary to the Government of Mysore,
Bangalore.

SIR,

With reference to your letter No. D. 7062/CS. 157-29-3 dated the 9th Jany. 1931 requesting me to obtain and forward with my own opinion the views of the Bank of Mysore in connection with the dis-cussion at the recent session of the Mysore Economic Conference - for giving accommodation to small coffee planters, I have the honor to state that after this subject was discussed at the Economic Con-ference, a Special Committee was appointed to consider the steps - that should be taken with a view to afford assistance to merchants and industrialists during the present trade depression. This meet-ing was held in the Chambers of the Third Member of Council who was the Chairman of the Committee appointed by Government for the pur-pose. The Manager of the Mysore Bank was one of the members of the Committee and was present at the discussion. The subject of provid-ing assistance to small coffee planters was discussed at the time and it was decided, with the approval of the Manager of the Bank of Mysore, that the best way of affording assistance to them was by - the establishment of Co-operative Societies. As the Manager has already given his views, I have not thought it necessary to address him once again on the subject. I regret however that I cannot agreewiththis view. The Coffee planters, small and large, are scattered in different parts of the two districts, viz., Kadur and Hassan. The smaller planters are not well-known to each other and no co-operative society can be established under such conditions.

6

This was presumably the reason which influenced the Co-operative Committee, which went into this question some years ago, to recommend that for the provision of assistance to Coffee Planters a joint stock concern rather than a co-operative society was required.

I have the honor to be,
Sir,
Your most obedient servant,

CR Ramaswamy Naidu Sahib

Director.

CRS/USC)

Appendix F G—1

6 Copies

SUBJECT.....

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Section CO

File No. 157-29

Serial No.

No. D. 9051-3

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *193*

Date of issue 24.3.31

Signed by D.M.C.E.A.

To 1) The Secretary E.C

2) The Rep^r CO

3) The Director I.Sc.

Sir, I am directed to state that

The question of starting

a Coffee Bank for financing

Small Coffee planters to enable

them to meet the working expenses

of their plantations has been

engaging the attention of Govt. for

some time, but that

List of enclosures.....

Conditions at present are

not favourable for the starting

Copied by.....

such a ~~Bank~~ Bank under the

initiative of Govt.

Examined by.....

I am, however, to add that the

Cannot

It is best ~~Hoped~~ at present

[over

8 planters

~~for~~ Small Coffee to Join Co-operative

Societies already existing or to ~~Let~~

Such institutions ~~for~~ newly opened & registered

for their benefit

I Lawa

Cc 17/5

~~For~~ For Chief Sect.

Copy to RPA Lesotho

D 8145

GEN.

TELEGRAPHIC ADDRESS:—"INDUSCOM."

GOVERNMENT OF MYSORE.

DEPARTMENT OF INDUSTRIES AND COMMERCE.

DEVELOPMENT BRANCH.

C.S. 157-29-8

In reply please refer to
No. C.1-1703/27-28
Encl,

OFFICE OF THE DIRECTOR,.

Dated, Bangalore, 17th June, 193 1.

FROM

C. RANGANATHA RAO SAHIB, Esq., B.A., B.L.,
Director of Industries and Commerce in Mysore,
(Bangalore, India.)

CS To

CHIEF SEC. 18 JUN 1931

N. Madhava Rao, Esq., B.A., B.L.,
Chief Secretary to the Government
of Mysore, Bangalore.

SIR,

Coffee Bank for financing small Coffee Planters.

B 861-7 March 31

With reference to the correspondence ending with your letter No. D.9053/CS.157-29-7 dated 24-3-31 on the above subject, I have the honor to enclose herein, for the information of Government, copy of letter No. 6468 CS. dated 1-6-1931 from the Registrar of Co-operative Societies in Mysore, Bangalore. It is seen from the letter that he has instructed the Assistant Registrars of Co-operative Societies of Shimoga and Mysore Divisions, to advise in the course of their tours, the smaller Coffee Planters to become members of the existing Co-operative Societies and also to investigate the possibilities of forming Societies exclusively for their benefit at select centres.

I have the honour to be,
Sir,
Your most obedient servant,

C Ranganatha Rao Sahib

DIRECTOR.

KS)3.

Letter No.6468 CS dated 1-6-31 from the Registrar of Co-operative Societies in Mysore, Bangalore to the Director of Industries and Commerce in Mysore, Bangalore.

COFFEE BANK.

With reference to your letter No. C1-1703/27-28 dated 23rd April 1931, I have the honour to state that on receipt of the orders of Government in the matter, I have, in this office memo No. 5421-2/C.S. dated 1-4-31, instructed the - Assistant Registrars of Shimoga and Mysore Divisions to advise, in the course of their tours, the smaller coffee planters to become members of the existing co-operative societies and also to investigate the possibilities of forming societies exclusively for their benefit at select centres.

"Copy"

for Director.

KS)